

**TOP SECRET**  
**SECURITY INFORMATION**

30 November 1951

CIA No. 49439

Copy No. 145

**DAILY DIGEST**

**\*ARMY Declass/Release Instructions On File\***

Office of Current Intelligence

**CENTRAL INTELLIGENCE AGENCY**

This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence. Comments represent the immediate views of the Office of Current Intelligence.

**TOP SECRET**  
**SECURITY INFORMATION**

TOP SECRET

SECTION 1 (SOVIET)

1. USSR. Kosygin visit to Tashkent related to poor cotton harvest: The US Embassy in Moscow believes that the presence of A. N. Kosygin at the 7 November celebration in Tashkent may be related to difficulties encountered with the cotton harvest in the Uzbek SSR. The Embassy observes that Kosygin, as Minister of Light Industry, is probably the Politburo member most concerned with the cotton harvest, which is closely connected with the development of textile production. This action recalls a similar visit of trouble-shooter Kaganovitch to the Uzbek 25th anniversary celebration in Tashkent following a bad cotton year. (R Moscow 506, 23 Nov 51)
2. RUMANIA. Rumanian labor frozen: A 20 November decree by the Rumanian Government places new restrictions on workers' transfers. Management may now release them from contracts only for specified reasons, such as conclusion of work, health, transfer of spouse, etc. Stiff penalties are provided for violating the decree by forging medical certificates or by hiring workers without proper separation documents; management may also be penalized for refusing separations where valid reasons exist. (R Bucharest 222, 23 Nov 51)

Comment: The Rumanian regime is attempting to consolidate further its control over manpower. The creation in April of a General Directorate of Labor Reserves (OCI Daily Digest, 28 May 51) provided for recruiting, training and distribution of the labor force; the new decree is directed at reducing turnover.

3. YUGOSLAVIA. Yugoslavia appeals for additional financial assistance: In an informal appeal to the Tripartite delegations for assistance, the Yugoslavs estimate that \$70-80 million will be needed to complete the present investment program in addition to the International Bank loan of 28 million dollars and excluding compensation loans now being discussed in Washington.

Tripartite delegates believe that the IBRD should provide a second loan of 30 million dollars, which would leave an additional 50 million dollars needed to fulfill the needs of the Yugoslav investment program. (S Belgrade TOECA 239, 26 Nov 51)

Comment: The US Embassy in Belgrade warned ECA officials last week that Yugoslavia urgently needs additional funds for capital investment over and above the new IBRD loan.

TOP SECRET

TOP SECRET

Last June the US, UK and France made the assumption that the IBRD would furnish sufficient capital development funds. The Yugoslav economic position, however, is such that unless additional capital is provided, certain key investments will not be completed and production will not be realized. In the absence of this production, the trade deficit will not be balanced without raising by some 35 million dollars the 125 million dollar ceiling agreed to last June.

TOP SECRET

TOP SECRET

SECTION 2 (EASTERN)

1. SYRIA. Military coup d'etat engineered on 29 November: The day-old Syrian Cabinet of Maruf al-Dawalibi was arrested early on 29 November when the government was taken over by the army under the leadership of the Chief of Staff, Colonel Adib al-Shishakli. According to the US Legation in Damascus, the immediate occasion for the coup was the assumption by the deposed Premier of the defense portfolio. Shishakli apparently believed that his own position was threatened and decided to force a showdown with the Populist Party. (C Damascus 306, 29 Nov 51)

Comment: The military coup d'etat in Damascus, an essentially internal affair, re-emphasizes the dominant position of the Syrian Chief of Staff, Col. Shishakli, who for the past two years has maintained a behind-the-scenes control over governmental affairs. This sudden military action will probably put an indefinite clamp on influential Populist Party leaders, who have been attempting to eliminate military control of the country.

Shishakli is essentially an opportunist, intent on maintaining his own strong position in Syria. Since neutralism is strong in this country, he is not likely to direct Syria into a closer relationship with the West. Shishakli has been appreciative of French arms shipments, but annoyed over the lack of similar military supplies from America and Britain. He is not believed to be sympathetic to the USSR. He is opposed to a Syrian-Iraqi Union and has friendly relations with both Saudi Arabia and Egypt.

This coup d'etat, the fourth in the last two and a half years, underscores the instability of Syria. Even though the military-controlled government may, in the short run, prevent Syria from embarking on an anti-Western foreign policy, the establishment of a dictatorship encourages further violence.

2. IRAN. Mossadeq victory anticipated in Iranian Parliamentary elections: The Iranian Prime Minister has announced that the coming elections will be "free" and that the government will not support any particular candidate. Nevertheless, Mossadeq's National Front, through its sympathizers now established in the provincial governments, is in a position to control the electoral machinery. The Shah, who reportedly fears that Mossadeq will allow dissident elements to enter the next Parliament, has extended support to some of Mossadeq's opponents among the tribes. (S Tehran 1973, 28 Nov 51)

Comment: Iranian tradition and electoral law make it impossible to hold free elections in the American sense of the word. The coming elections are unlikely to depart from the traditional pattern. Pressure from the

TOP SECRET

TOP SECRET

army, the landowners and the British will influence the outcome, but all indications now point to a National Front victory. The Shah's fear that the Communists and their sympathizers may gain a foothold in Parliament is not unfounded, for the Tudeh Party is reportedly actively attempting to engineer the elections of its members, disguised as National Frontists, and Mossadeq's lenient attitude toward the Tudeh suggests that it may succeed.

3.

Shah seriously depressed over turn of events in Iran; The Shah is reportedly extremely depressed by the present situation in Iran and, [REDACTED] is believed by his family to be on the point of considering abdication. [REDACTED] have expressed disappointment at the Shah's lack of determination and forcefulness and have told one of his confidants that, under the circumstances, there was little that [REDACTED] could or would do to support the monarchy if it were threatened. [REDACTED]

25X1C

25X1C

25X1C

25X1C

25X1C

25X1A

25X1A

Comment: The Shah is undoubtedly depressed by the fear that the elections will result in an overwhelming victory for the National Front and the consequent reduction in the influence of the moderate elements. [REDACTED] want the Shah to replace Mossadeq with Qavam, who they consider would be more amenable on the oil issue, and their threat to do nothing to support the monarchy probably represents a last effort to spur the Shah to some action. However, abdication in the near future is not anticipated.

25X1C

25X1C

4.

Prime Minister justifies government's actions by blaming British: Prime Minister Mossadeq's 25 November report to Parliament on his trip to the US was consistently anti-British in tone. Blaming the British for the failure of the Washington talks and for Iran's economic deterioration, the Prime Minister emphasized that oil nationalization was only the first step of the fight to end British influence, and that the government's future program would be to balance the budget, exploit its oil, and hold free elections. (C Tehran 1939, 26 Nov; C Tehran 1935, 26 Nov 51)

Comment: Mossadeq is now in a position where he must raise his anti-British campaign to new heights in order to gain continued support and to escape blame for Iran's economic difficulties. His tactics are currently successful -- Parliamentary opposition has again collapsed -- but they pose serious problems for Iran's relations with the West. Without revenues from oil, Iran must have foreign aid if it is not to collapse economically. Mossadeq has led the Iranians to believe that they will receive extensive assistance from the United States; if they do not obtain this aid, Mossadeq may be forced by the strength of nationalist sentiment to hold the US, as well as the UK, responsible for his woes. The Prime Minister is neither Communist nor pro-Communist. Nevertheless, there is a possibility that he may, through his current policy, cut himself off from the West.

TOP SECRET

TOP SECRET

5. INDIA/NEPAL. Indian Prime Minister effects changes in government of Nepal: According to the Nepalese Ambassador in New Delhi, Prime Minister Nehru of India was instrumental in effecting the recent changes in the government of Nepal, which culminated in the ousting of the century-old, hereditary Rana regime and its replacement by a "popular" government. Nehru was also responsible for the appointment of the Nepal Congress Party leader as Prime Minister. (S New Delhi 1877, 27 Nov 51)

Comment: India has been intimately, though covertly, connected with political maneuvers in Nepal since the Indian-supported "democratic" revolution of January 1951. Much of this maneuvering has resulted in lessening the power of the Ranas and in strengthening Indian influence. India is increasingly concerned with the security of its northern frontiers adjacent to Tibet. It may be expected to continue its interest in Nepalese affairs, possibly to the point of obtaining outright control of their administration.

Growing Indian influence in Nepal may also cause a delay in the opening of a US Embassy there, since Nehru is reportedly unsympathetic to US aims.

6. INDIA. Indian Ambassador to Peiping allegedly heads Indian Communist movement: A British source in New Delhi reports that K.M. Panikkar, Indian Ambassador to Communist China and member of the Indian delegation to the current UN General Assembly, has assumed leadership of the Indian Communist movement. (S Paris Delga 281, 17 Nov 51)

Comment: Though Panikkar is known to be inclined toward Communism, it is unlikely that this report will be confirmed. It probably stems from the facts that Panikkar recently returned to India and that he has made several public remarks complimentary to Communist China since his return. Panikkar himself states that he hopes to be appointed Ambassador to Egypt in the near future.

7. THAILAND. Coup d'etat reported: Press reports indicate that a nine-man "provisional executive committee," composed of leading military personalities and headed by Army Commander Phin, has assumed control of the Thai Government. This committee has announced the return of the 1932 Constitution and has appointed an "interim cabinet" headed by Premier Phibun. (U US press reports, 29 Nov 51)

Comment: It appears from these reports that the military element in Thailand, whose influence over the political scene was enhanced following the abortive coup of June 1951, have now assumed full control of the government. While they will probably continue the country's pro-Western foreign policy and are not expected significantly to alter domestic policy, their high-handed seizure of power will alienate large numbers of civilian

TOP SECRET

TOP SECRET

leaders and thus contribute further to Thai political instability.

The military committee which now possesses de facto authority is riven with personal rivalries. Jockeying for position by its members will also cause instability and may eventually lead to an open clash.

8. MALAYA. Conservatives may remove Malcolm MacDonald: The US Consul in Kuala Lumpur notes that, notwithstanding press references to Commissioner-General MacDonald's popularity among Indians and Chinese, anti-MacDonald sentiment remains widespread and strong. Both conservative Malays and the British planter-merchant community oppose him largely because of his kid gloves policy toward local Chinese. General Briggs told the US Consul in confidence that his most urgent recommendation to Colonial Secretary Lyttelton will be the removal of MacDonald's influence from Federation of Malaya activities. (S Kuala Lumpur 93, 27 Nov 51)

Comment: Since MacDonald reportedly does not enjoy the esteem of Churchill, there is a strong possibility that he will be removed in the near future. His removal, if it occurs, is not likely to be accompanied by any basic change in British policy, which attempts to balance severity with suasion.

9. INDOCHINA. Vietnamese Premier reportedly moderates views on French Union: Premier Tran Van Huu arrived in Paris as head of his country's delegation to the High Council of the French Union simultaneously with an AP despatch from Saigon quoting Huu as stating he would insist that the French Union be modeled on the British Commonwealth. Immediately afterward, a Paris newspaper quoted Huu as denying this report and stating that Vietnamese independence had been achieved, that he was determined to strengthen the French Union, and that there was no intention of repudiating agreements with France. French authorities in Saigon, however, continue to affirm that Huu did indeed make the remarks attributed to him by the AP despatch. (C Paris 3142, 26 and 27 Nov 51)

Comment: Huu's "denial" as spelled out above is not necessarily inconsistent with the position attributed to him by the AP despatch. The Vietnamese will attempt, in the name of the French Union, to reduce the power of the French to intervene in Vietnamese affairs. With the French in effective military control of Indochina the Vietnamese have no weapon but pure diplomacy with which to struggle toward this end.

10. CHINA. Political leaders strengthening positions vis-a-vis military: Accounts of the proceedings of the recent general meetings of the Southwest, Central-South and East China regional governments reveal that the principal

TOP SECRET

TOP SECRET

addresses were made respectively by Teng Hsiao-ping, Teng Tzu-hui and Jao Shu-shih. (R FBIS, 27 Nov 51)

Comment: In each regional government of Communist China, authority is divided between the military leader of the area, who is usually Chairman of the military and administrative council and commander of the Field Army stationed in the region, and a political watchdog, who is the Party's regional secretary and political commissioner of the Field Army. The three persons named above are the political leaders of their respective areas. The military leaders of these areas--respectively Liu Po-cheng, Lin Piao and Chen Yi--would ordinarily be expected to deliver the major addresses at general meetings of their councils. Although no firm thesis can be constructed on the basis of this one occasion, it is possible that the regional political bosses are now definitely superior to the military leaders.

11. Students are found "indifferent" to politics: Chungking radio asserts that a "universal disregard of politics" has been observed among university and high school students in two major cities of the Southwest region. The broadcast states that the students have defended this "indifference" with the argument that they are "very busy" with their academic assignments. (R FBIS, 28 Nov 51)

Comment: Only two months ago the Communist authorities publicly lamented the "chaotic situation" in education, admittedly the partial result of excessive mobilization of students for political projects. The regime has evidently not yet solved the dilemma presented by its great need for educated personnel and its simultaneous insistence upon time-consuming political activity. Peiping may thus deprive itself, in large part, of both well-trained personnel and the support of student youth, one of the few segments of society still generally favorable to the regime.

12. Electronic reconnaissance reveals extensive radar network on China coast: Electronic reconnaissance since March 1951 has detected 37 radar locations in Manchuria and 18 in China Proper. These provide an almost complete early warning system along the China coast, from Canton to Antung. In addition, there is a "picket ship" operating in the Shantung Peninsula-Dairen area which is used to extend the detection range of the coastal system. Possibly other vessels along the China coast are also equipped with early warning radar sets.

Most of the radar detected in China is used to give early warning of approaching aircraft. Gunlaying radar (to improve the accuracy of anti-aircraft fire) is located at Dairen, Antung and possibly Shanghai. (TS FEAF, IR-93-51, 30 Sep 51)

TOP SECRET

TOP SECRET

Comment: There were few known radar sets in China before 1951. This report, which is undoubtedly incomplete, indicates how the use of radar for defense of the coast of Communist China has expanded.

13. KOREA. UN carrier-based aircraft attacked by enemy jets on east coast: On 27 November, four UN carrier based aircraft were attacked by two Communist MIG-15 jet aircraft north of the east coast city of Wonsan. Some damage was inflicted on one UN plane.

The Far East Air Force observes that since the UN aircraft were engaged in a rail cutting mission, this enemy interception may indicate an "increased sensitivity to naval interdiction of rail traffic in this area." (S FEAF AX 7226, 28 Nov 51)

Comment: A more serious implication to be derived from this latest enemy interception of UN aircraft is that the Communist air force has now begun to expand its air defense activities over the Korean east coast.

14. ROK Government attempting to silence opposition press: The US Military Attache in Pusan reports that the Rhee Government's attempt to silence the opposition press "threatens to become a major issue in the ROK." Indignation among members of the press and the opposition Democratic Nationalist Party (DNP) is mounting over the recent indictment of the editor and a reporter of a DNP-controlled newspaper. The Government contends that the paper printed information "conducive to psychological panic" and "injured foreign relations" of South Korea. (S Pusan Weeka 16, 28 November 51)

Comment: The charges against the opposition newspaper are reported as being extremely weak. Moreover, the indictment is based on laws imposed by the Japanese during World War II and clearly violates the spirit, if not the letter, of the current constitution.

15. Production cooperatives organized in North Korea: Production cooperatives were organized in North Korea on 6 November 1951 for the production of civilian living necessities, according to Radio Pyongyang. Created to "raise the material and cultural life of the people by raising the quality and quantity of production," the establishment of these cooperatives should be completed by the end of November, a full month ahead of schedule. This system has reportedly resulted in an increase of 200 to 400 percent in the production of textiles and foodstuffs and greatly "over-fulfilled" quotas in other consumer items. (U FBID, 28 Nov 51)

Comment: There is ample evidence of the serious deterioration in the living standard of the North Korean civilian population. The strengthening

TOP SECRET

TOP SECRET

and emphasis placed on these cooperatives may be interpreted as another attempt by the Communists to alleviate this grave problem.

16. South Korean Ambassador to Japan recalled: ROK Foreign Minister Pyun advised Ambassador Muccio on 28 November that the South Korean Government has decided to recall Ambassador Sihm Sung-mo, Chief of the ROK Mission in Japan. The Embassy has learned informally that the chief prosecutors involved in the National Defense Army scandal and the Kochang Massacre trials left Pusan for Tokyo on 19 November presumably to investigate Sihm's involvement in the scandals. (C Pusan 494, 28 Nov 51)

Comment: Sihm was forced out of his previous office of Defense Minister largely due to momentary presidential pique over his alleged responsibility for the scandals. As one of South Korea's most powerful political figures, Sihm has disdained for several months, probably with Rhee's tacit approval, invitations to return home to testify at the scandal trials. Presumably sufficient pressure has now developed to force Rhee's hand and order Sihm's return.

17. JAPAN/KOREA. Korean Government claims island in Japan Sea. The US Embassy in Pusan reports that an "official spokesman" of the ROK Government claimed, via the local press, that Takeshima Island belongs to Korea. The press release was inspired by a report indicating that seven Japanese correspondents had visited the island and asserted it belonged to Japan. (P Pusan 495, 28 Nov 51)

Comment: Takeshima Island consists of an uninhabited group of rocky islets in the Japan Sea, lying approximately midway between Japan and Korea. Despite an official ROK request to include Takeshima among the group of islands renounced by Japan in the peace treaty, this was not done--a decision undoubtedly considered final by the Japanese. The islands were incorporated into a Japanese prefecture in 1905, but Korean claims were stimulated by the fact that they were specifically excluded from the SCAP 1946 definition of "Japan."

18. JAPAN. Japan to be requested to adopt Western export control procedure: US Embassy Paris reports that, at the 26 November meeting of the Coordinating Committee on Export Controls (COCOM), the German delegate withdrew his proposal for Japanese membership. Instead, the Committee appeared to favor having the question of Japan's export controls taken up with Japan by the US, which would attempt to persuade Japan to adopt COCOM policies on exports to Communist areas. (S Paris 3172, 27 Nov 51)

Comment: Current export controls in Japan are more rigid than those applied in the Western European nations. It is expected that Japan will

TOP SECRET

TOP SECRET

adjust its control policies in the post-treaty period to conform with the more liberal attitude of the COCOM participants.

19. Electrical Workers to go on nationwide strike: The All-Japan Electrical Workers Union decided on 28 November to go on full strike for an indefinite period starting 1 December. The union has been conducting partial work stoppages for the past week in an unsuccessful effort to gain a 50 percent wage increase. (R FBIS, Tokyo Jiji 29 Nov 51)

Comment: Electric power shortages are the primary deterrent to an expansion of Japan's industrial output. This strike, which will not affect Occupation installations or production for the Korean war, is serious enough to require possible government intervention. The government, in a similar strike last December, took the position that any serious interference with the economy would be illegal.

TOP SECRET

TOP SECRET

## SECTION 3 (WESTERN)

1. GENERAL. Western European estimates of defense expenditures fall short of US-proposed figures: The Western European countries recently submitted estimates of their defense expenditures (including US aid) for the current fiscal year to NATO's Temporary Council Committee, which is reassessing their politico-economic capabilities. The following tabulation shows how these estimates compare with previous US estimates of what those expenditures should be:

ESTIMATED DEFENSE EXPENDITURES FOR 1951-1952  
(in millions of dollars)

	<u>Previous US estimates of desirable levels</u>	<u>Country estimates of probable levels</u>	<u>Differences (percent)</u>
Belgium	375	400	+ 7
Denmark	120	102	- 15
France	3100	2340	- 25
Italy	1005	811	- 19
Netherlands	465	395	- 15
Norway	140	98	- 30
United Kingdom	4270	4000	- 6

American officials in Paris have warned that even after proper allowances are made for the different bases -- such as price levels -- used in calculating the figures above, the remaining discrepancies are so great that the various national estimates should not be considered merely as initial negotiating positions which can easily be brought up to levels desired by the US.

In view of their growing economic difficulties, the European countries involved will probably lose their earlier optimism and refuse to make substantially larger commitments to the defense effort than those now submitted. This, plus the publicized US intention not to increase economic or military aid to Europe in the current fiscal year, makes sizeable modifications in NATO plans most probable. (Factual data from: TS Paris REPTO 5712, 15 Nov 51)

2. Showdown on the European Defense Community in sight: The Foreign Ministers of the countries participating in the European Army Conference concur that unless basic agreement is reached before the January NATO Council meeting, the plan had best be abandoned.

The Netherlands Ambassador in Washington, who received this report from the Dutch delegation at the recent special ministerial conference on

TOP SECRET

TOP SECRET

the European Army, believes a crisis may be developing because the Foreign Ministers have only now recognized the "real sovereignty issues involved."  
(S to Rome 2467, 28 Nov 51)

Comment: The Benelux countries have voiced strong opposition to recent French arguments that political union is essential to the European Army concept. Should the European Defense Community fail to materialize, German rearmament and all phases of European integration would be further retarded.

3. US interests considered harmed by impact of sensational journalism on Western Europe: The US delegate to the UN General Assembly declared that it would be "difficult to exaggerate the unfavorable impact" of sensational American journalism on French public opinion and warned that the proposed reprint in French of the Collier's Atomic War issue would be harmful to US interests abroad. In urging the discontinuance of this project, the delegate stated that unfavorable agitation about the article continues to grow and that a protest is being raised in a General Assembly committee against the magazine's use of the UN flag and symbol. At the recent Council of Europe meeting, French Socialist leader Guy Mollet told US Congressmen that such lurid journalism, epitomized by the Collier's issue, "could only serve Communist propaganda ends and increase European tensions." (C Paris DELGA 400, 28 Nov 51)

Comment: This latest statement corroborates and strengthens earlier reports from the US Embassy in Paris of the depressing and confusing effects upon informed public opinion in Western Europe of sensational US articles on war. It is probable that translation and greater circulation of any articles describing the horrors of a third world war would revive the trend toward neutralism in France and would continue to aid the Soviet peace campaign by associating the US with war-mongering. These articles are particularly ill-timed in view of the lukewarm French attitude toward costly rearmament.

4. GERMANY. West Germans pressing for UN unity hearings: Chancellor Adenauer is reported to be particularly disturbed by the latest East German unity election proposals. He is anxious that the Allied delegations at the Paris UN meeting support a resolution giving West Germany a hearing before the ad hoc committee on conditions for German unity. Adenauer declares that he will need maximum UN support to counteract these East German proposals and preserve the West German anti-Grotewohl front of the coalition and major opposition parties. (S Paris DELGA 388, 28 Nov 51)

Comment: On 26 November the East German commission for all-German elections formally outlined the principles for the drafting of an election law. These principles acknowledged East German assent to some of the conditions which the West German Government declared must be met before all-German elections could be held.

TOP SECRET

TOP SECRET

Adenauer's plea for a German hearing at the UN will not be very favorably received by all the Allied delegations, since some of them feel that this would complicate current German contractual and European defense negotiations.

5. FRANCE. French Union High Council will not consider Chinese internees: Repatriation of Chinese Nationalist troops from Indochina will not appear on the agenda of the High Council of the French Union because of General de Lattre's strong objections. According to a French Foreign Office spokesman, however, this decision may be reversed if French need for Chinese support in the UN makes such action desirable. (C Paris 3176, 26 Nov 51)

Comment: The French will be anxious to avoid any discussion of the interned Chinese as long as the Korean negotiations are in progress. If a settlement is reached in Korea, the resulting relationship of Communist China to the UN will probably determine the French attitude.

6. AUSTRIA. West-East transit shipments through Austria decrease: Statistics recently made available by the Austrian Federal Railways show that shipments of Western goods, probably including embargo items, transiting Austria by rail to Eastern bloc destinations are levelling off at a sharply reduced volume. While transit shipments of 11,212 metric tons in July represented a slight increase over the figure for May, the July total is little more than one-third of the monthly average for the period from November 1950 to May 1951, and less than one-half the total shipments in February, when the monthly figure fell from 44,000 to 28,000 metric tons.

Italy and Switzerland remained the primary sources of goods reaching Eastern orbit countries via Austrian railways. French, Belgian, Dutch, British, and Turkish shipments were insignificant in quantitative terms, and French shipments through Austria were only one-tenth of the previous November-May average. Hungary and Czechoslovakia received the largest amounts of Western goods. It should be noted, however, that the bulk of Italian shipments to Hungary in July (4,390 metric tons) was apparently fertilizer.

While Austria is only one of a number of transit areas for East-West trade and Austrian railways only one means of transport, the sharp decline in the volume of such shipments may be an indication of the declining availability of Western goods for Eastern shipment and/or a measure of effectiveness of Western trade controls. The consequences for the Satellite countries of the declining volume of Western goods may be responsible for reported efforts to coordinate Satellite procurement activities in Vienna and to make increased use of Soviet-controlled trade agencies in that city. (Statistical data from: Intelligence Summary No. 333, Hqs, USFA, 14 Nov 51)

TOP SECRET

TOP SECRET

7. ITALY. Dismissal of surplus workers continues in Italian heavy industry: Both the Communist and the non-Communist labor unions terminated a strike on 4 November at the Breda works at Sesto San Giovanni, Milan, and have accepted the dismissal of 3,000 workers, of whom 250 are to be rehired between February and June next year. Of the remainder, 1,500 will receive retraining courses under the Ministry of Labor.

The Communists and the left-wing Socialist papers claimed that the strike had some good results, but that the strikers were "compromised" by the stand taken by the Italian Confederation of Labor Unions (CISL), which first accepted the original terms offered by the management. (S Rome Joint Weeka 47, 24 Nov 51)

Comment: The dismissals at Breda illustrate the unutilized Italian economic potential for defense production. The amount of idle industrial plant capacity is particularly important in the armaments and munitions industries.

Another important aspect of the strike at Breda is the fact that apparently the pro-government labor union, CISL, again unwittingly forced the moderate Socialist-labor unionists into joint action with the Communists.

8. SPAIN. Apathy pervades first of series of municipal elections: The US Embassy in Madrid reports that the nation-wide municipal elections of councillors representing heads of families took place on 25 November, apparently without major incidents. The Spanish press reported that 80 to 90 percent of those eligible voted but admitted that only about 60 percent voted in certain northern areas.

There was a general lack of interest and the large vote was probably due chiefly to a radio announcement urging retention of certificates of having voted for use in renewing ration cards. The Embassy concludes that most Spaniards view voting in this election as a chore and a necessary precaution against government sanctions. (C Madrid 550, 26 Nov 51)

Comment: This was the first in a series of three nation-wide elections of new municipal councillors. There will be elections on 2 December for councillors representing the Falange labor syndicates and on 9 December for representatives of economic, cultural, and professional entities. Only government-approved candidates may run, no campaigning on partisan lines is permitted, and the electorate is restricted.

The Basque clandestine radio has urged Spaniards to show their contempt for the Franco government by not voting. The lighter vote reported in northern Spain may be attributable to Basque nationalist propaganda.

TOP SECRET

TOP SECRET

9. NORWAY-SPITSBERGEN. Soviets to extend shipping activities until mid-December: [REDACTED] the Soviet officials there have declared they will continue shipping to and from the archipelago until 15 December. This will necessitate the use of icebreakers, since Spitsbergen usually becomes ice-bound by 15 November. [REDACTED]

25X1C

25X1A

25X1A

Comment: The significance of this decision is unknown. However, if the Soviet purpose is other than the support of its legitimate commercial interests in Spitsbergen, it is doubtful that they would have notified the Norwegian authorities of their decision. Also, it has been previously reported that (1) shipping to Spitsbergen continued until late November in 1948 and during that winter the Russians requested additional navigational aids to continue shipping in the area of their claims, and (2) the Soviet icebreaker Leningrad (10,000 tons) was in Spitsbergen waters throughout the winter of 1950-1951. While ice conditions normally terminate shipping to Spitsbergen by mid-November, complete icing precluding entrance to the Isfjord (main bay on which Soviet and Norwegian mining claims are located) does not usually take place until early January.

10. UNITED KINGDOM. Israeli request to finance pipeline opposed: Both the UK Ministry of Fuel and Power and the British oil companies have agreed that construction of a pipeline from Elath, Israel, on the Gulf of Aqabo, to Haifa is not a commercially attractive proposition. Oil transported by such a pipeline would cost only a shilling less per ton than oil transported through the Suez Canal. In addition, the Foreign Office is not inclined to take the political risk involved in supplying the Haifa refinery with Persian Gulf oil in the face of strong Arab opposition. (C London 2512, 27 Nov 51)

Comment: Israel felt that the closing of the Abadan refinery would prove a good talking point for the construction of this pipeline, which would permit the full-scale operation of the Haifa refinery. However, the British Government's reluctance to antagonize the Arab world further by supplying Middle Eastern oil to a refinery in Israel has already been shown by its refusal to send British tankers through the Suez Canal with oil for the Haifa refinery, despite its present military control of the canal zone.

11. Japanese Peace Treaty ratified amidst criticism: The bill ratifying the Japanese Peace Treaty has passed the third and final reading in the House of Commons. The US Embassy in London comments that possibly 100 Labor MP's were opposed to ratification and that the majority of these abstained at the second reading in order to avoid committing themselves. Many members of both parties who later voted for ratification indulged in vigorous criticism for the record. This criticism was generally directed at the treaty's lack of safeguards against a resurgence of Japanese trade competition.

TOP SECRET

TOP SECRET

The Bevan group based its opposition on claims that the treaty had been dictated by the US and would handicap a general settlement in the Far East. Former Foreign Secretary Morrison, however, emphasized that there was a clear understanding with the US that the Japanese were to decide their own relations with China. (U NY Times, 29 Nov 51; R London 2517, 27 Nov 51)

Comment: A division forced at the second reading had resulted in a 382 to 33 vote favoring ratification.

The debate suggests the prevalence in Britain of the belief that Japanese economic revival is likely to be rapid and expansive. The fact that British textiles and pottery interests have already experienced mild Japanese competition appears to have strengthened this belief. On the other hand, the Churchill government has as yet given no indication of unusual concern.

12. MEXICO. US Embassy foresees possibility of Mexican neutrality in event of world war: In commenting upon the acceptance speech of Adolfo Ruiz Cortines as presidential candidate of the official administration party for the July 1952 elections, the US Embassy in Mexico City states "it would seem that Ruiz Cortines, if elected, will not deviate from Aleman's foreign policy. Hence, in all probability, as far as we can now envisage, Mexico's attitude towards the free nations in the fight against the growing danger of Soviet aggression will continue to be one of cautious detachment. That Mexico may decide to remain neutral and play the part of a mediator in case of a world war should not be overlooked." (C Mexico City D-968, 15 Oct 51)

Comment: Ruiz Cortines is virtually assured of the presidency for the term 1952-1958. As a reputedly honest but colorless politician who "has never outshone his political sponsors," who has been trusted "never to make any move without consulting his political leaders," and to whom party loyalty is the chief concern, he will probably be prone to follow conciliatory policies which will preclude strong support of the US in international affairs. The recent election of a Mexican, Luis Padilla Nervo, as President of the UN General Assembly increases the possibility that Mexico may choose to remain aloof from international conflicts.

13. PANAMA. Communists involved in student strike: Colonel Antonio Remon, former police chief, expressed to Ambassador Wiley the belief that all the elements of the political opposition to his presidential candidacy, including at least some Communists, were supporting a current student strike in Panama. Colonel Remon also stated that the Communists who were involved were being supported not only by money left in Panama by Guatemalan ex-president Arevalo, but also by funds being supplied from Cuba. Ambassador Wiley comments that in the situation as a whole the only element of strength

TOP SECRET

TOP SECRET

which he can see is the Communist leadership, and that it alone seems to him to know what it is doing and why.

Comment: Ex-president Arevalo is believed to have contributed money to either Communist or nationalist elements in Panama for the anti-Remon campaign. There has been no previous indication that funds are being supplied from Cuba.

TOP SECRET

**TOP SECRET**

UNCLASSIFIED when filled in form is detached from controlled document. **Approved For Release 2004/09/06 : CIA-RDP79T01148A000600070001-9**

CONTROL AND COVER SHEET FOR TOP SECRET DOCUMENT

DOCUMENT DESCRIPTION	REGISTRY
SOURCE	CIA CONTROL NO. 48459
DOC. NO.	DATE DOCUMENT RECEIVED
DOC. DATE	LOGGED BY
COPY NO.	
NUMBER OF PAGES	
NUMBER OF ATTACHMENTS	

**ATTENTION:** This form will be placed on top of and attached to each Top Secret document received by the Central Intelligence Agency or classified Top Secret within the CIA and will remain attached to the document until such time as it is downgraded, destroyed, or transmitted outside of CIA. Access to Top Secret matter is limited to Top Secret Control personnel and those individuals whose official duties relate to the matter. Top Secret Control Officers who receive and/or release the attached Top Secret material will sign this form and indicate period of custody in the left-hand columns provided. Each individual who sees the Top Secret document will sign and indicate the date of handling in the right-hand columns.

[illegible]

NOTICE OF DETACHMENT: When this form is detached from Top Secret material it shall be completed in the appropriate spaces below and transmitted to Central Top Secret Control for record.

DOWNGRADED		DESTROYED		DISPATCHED (OUTSIDE CIA)	
TO		BY (Signature)		TO	
BY (Signature)		WITNESSED BY (Signature)		BY (Signature)	
OFFICE	DATE	OFFICE	DATE	OFFICE	DATE
Approved For Release 2001/09/06 : CIA-RDP79T01146A000600070001-9					

FORM 26 USE PREVIOUS EDITIONS.

**TOP SECRET**

( 40 )

**TOP SECRET**

**TOP SECRET**  
SECURITY INFORMATION

30 November 1951

CIA No. 49439-A

Copy No.

45

**S/S CABLE SUPPLEMENT**

**TO THE DAILY DIGEST**

Not for dissemination outside O/CI and O/NE.

Office of Current Intelligence

**CENTRAL INTELLIGENCE AGENCY**

This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence. Comments represent the immediate views of the Office of Current Intelligence.

**TOP SECRET**  
SECURITY INFORMATION

TOP SECRET

SECTION 2 (EASTERN)

1. SOUTHEAST ASIA. British considering Southeast Asia defense problem:  
According to the Foreign Office, the problem of the defense of Southeast Asia is being reconsidered within the British Government. It is realized that obtaining the most competent military advice is a prerequisite to high level political consideration. The current thinking is that the US and UK should exchange views before the French are consulted. A formal defense arrangement, such as an extension of the Pacific Pact, is considered premature at this time. (TS S/S London 2167; 28 Nov 51).

SECTION 3 (WESTERN)

2. GENERAL. SHAPE progress report presented to NAC Meeting: In a SHAPE report to the North Atlantic Council Meeting in Rome, General Gruenther gave the following estimate of the readiness and effectiveness of NATO forces:

	<u>Required to Contain Soviet Thrust</u>	<u>Forces as of 31 Dec 51</u>	<u>Forces as of 31 Dec 52</u>
Ground force divisions on D-day	46	24	30
Ground force divisions on D + 30	97	44	55
Aircraft	7600	1580	3250

Present NATO ground forces are not fully effective, however, due to deficiencies in training and equipment; and the air force suffers from shortages of spares, pilots and airfields. Of the 51 airfields promised by the end of 1951, only 16 are now operational; but 35 are expected by March 1952.

If war occurs before NATO forces have grown adequate for containment, an emergency plan exists for the use of present forces. The role of navy carriers was emphasized, particularly in the operation of the emergency plan. A total of 16 carriers is needed to operate in NATO waters. (TS S/S Rome 88, 27 Nov 51).

Comment: Highlighting of present NATO deficiencies in this report has led to a resolution that the special Harriman committee on reconciling economic capabilities with military requirements submit its report sufficiently in advance of the expected February council meeting to permit action by governments at that meeting.

TOP SECRET

TOP SECRET

3. UNITED KINGDOM. Libyan independence prior to 1 January unlikely: The UK Foreign Office considers it probably impossible to have arrangements for Libyan independence completed before 1 January 1952. The UK hopes, however, that agreement will have been reached by then for an interim military arrangement with the federal government of Libya so that its signature can immediately follow achievement of independence on that date. Possibly the general treaty of alliance between the UK and Libya will also be ready for signature at the same time. (S, S/S London 2490, 24 Nov 51).

Comment: The UN General Assembly resolution specifies 1 January 1952 as the date for Libya to attain its independence. However, some efforts had been made to accomplish this earlier.

With the end of the British administration their influence will still be maintained through the continued presence of British troops and through a UK guarantee to underwrite the budgetary deficit of the federal government.

TOP SECRET